

## Message Text

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ORIGIN EB-07

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DRAFTED BY EB/OT/STA:WCLARK,JR.:MH

APPROVED BY EB/ITP:MWGLITMAN

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P 131733Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, CA

SUBJECT: ITC SPECIALTY STEEL CASE -- CANADIAN NOTE

1. MINISTER MCKINNEY, CANADIAN EMBASSY WASHINGTON, CALLED ON ASSISTANT SECRETARY GREENWALD MORNING THURSDAY, FEBRUARY 12 AND DELIVERED FOLLOWING NOTE EXPRESSING CANADIAN CONCERN OVER ITC DECISION AND PROPOSED REMEDIES. CANADIAN EMBASSY ALSO SAID IT WAS PREPARING ADDITIONAL STATISTICS TO BUTTRESS ARGUMENTATION AND WOULD PROVIDE THESE AS SOON AS POSSIBLE.

BEGIN TEXT. THE CANADIAN EMBASSY PRESENTS IT COMPLIMENTS TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND HAS THE HONOUR TO REFER TO THE RECOMMENDATION OF JANUARY 16, 1976, BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION TO IMPOSE IMPORT QUOTAS FOR A PERIOD OF FIVE YEARS ON CERTAIN SPECIALTY STEEL PRODUCTS.

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THE CANADIAN GOVERNMENT WISHES TO EXPRESS ITS SERIOUS CON-

CERN REGARDING THE ADVERSE EFFECTS WHICH THE UNITED STATES INTERNATIONAL TRADE COMMISSION PROPOSALS COULD HAVE ON BILATERAL TRADE IN THESE PRODUCTS BETWEEN OUR TWO COUNTRIES SHOULD THEY BE ACCEPTED BY THE PRESIDENT. IN THIS REGARD, CANADIAN AUTHORITIES WISH TO DRAW THE ATTENTION OF THE UNITED STATES GOVERNMENT TO THE SUBSTANTIALLY FAVOURABLE

BALANCE OF TRADE WITH CANADA WHICH THE UNITED STATES HAS EXPERIENCED IN PRODUCTS COVERED BY THE UNITED STATES INTERNATIONAL TRADE COMMISSION'S RECOMMENDATIONS.

THE CANADIAN AUTHORITIES ARE ALSO CONCERNED THAT ANY NEW RESTRICTIVE TRADE MEASURES BY THE UNITED STATES ON IMPORTS OF SPECIALTY STEELS COULD HAVE SERIOUS ADVERSE IMPLICATIONS FOR OUR MUTUAL OBJECTIVE OF SEEKING LIBERALIZATION OF INTERNATIONAL TRADE THROUGH MULTILATERAL TRADE NEGOTIATIONS NOW UNDERWAY AT GENEVA, AND THAT THEY COULD LEAD TO RETALIATORY MEASURES BY OTHER GOVERNMENTS WITH POTENTIAL FOR FURTHER TRADE DISRUPTION. IN ADDITION, SECTION 127 OF THE TRADE ACT OF 1974 WOULD REQUIRE THE PRESIDENT TO RESERVE THESE PRODUCTS FROM TRADE NEGOTIATIONS SHOULD IMPORT RELIEF ACTION BE TAKEN.

UNITED STATES AUTHORITIES WILL RECALL PREVIOUS CANADIAN GOVERNMENT REPRESENTATIONS WITH REGARD TO THE QUOTE SPECIALTY METALS AMENDMENT END QUOTE TO SUCCESSIVE DEFENCE APPROPRIATION ACTS WHICH HAVE PLACED AN EMBARGO ON CANADIAN EXPORTS OF SPECIALTY STEELS TO THE UNITED STATES DEFENCE INDUSTRY. WHILE THE CANADIAN GOVERNMENT APPRECIATED EFFORTS MADE BY THE UNITED STATES ADMINISTRATION TO SEEK WITHDRAWAL OF THIS PROVISION, ITS EVENTUAL IMPLEMENTATION HAS RESULTED IN A SUBSTANTIAL CURTAILMENT OF CANADIAN EXPORTS OF THESE PRODUCTS. THE PROSPECT OF ADDITIONAL RESTRICTON TO THIS TRADE BY THE IMPOSITION OF IMPORT QUOTAS WOULD CONSTITUTE, IN THE CANADIAN GOVERNMENT'S VIEW, A FURTHER SERIOUS AND UNNECESSARY BARRIER TO OUR BILATERAL TRADE IN THESE PRODUCTS AND HAVE THE EFFECT OF DISRUPTING THE CANADIAN MARKET BY DIVERTING TO CANADA SUPPLIES WHICH WOULD NORMALLY GO TO THE UNITED STATES.

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IN LIGHT OF THESE CONSIDERATIONS, CANADIAN AUTHORITIES WOULD URGE THE UNITED STATES GOVERNMENT TO AVOID ANY FURTHER RESTRICTIONS ON IMPORTS OF SPECIALTY STEELS FROM CANADA.

THE CANADIAN EMBASSY AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE GOVERNMENT OF THE UNITED STATES THE ASSUR-

ANCES OF ITS HIGHEST CONSIDERATION.

WASHINGTON FEB 12, 1976. END TEXT. KISSINGER

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## Message Attributes

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**TAGS:** ETRD, CA  
**To:** OTTAWA  
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